

SERFF Tracking Number: CELT-127012372 State: California
Filing Company: Celtic Insurance Company State Tracking Number: PF-2011-00176
Company Tracking Number: G5-544-00156, G5-555-00223, G5-543-00145
TOI: H16G Group Health - Major Medical Sub-TOI: H16G.001C Any Size Group - Other
Product Name: Open Blocks - Celtic Basic, Celtic Preferred, HSA
Project Name/Number: /

Filing at a Glance

Company: Celtic Insurance Company
Product Name: Open Blocks - Celtic Basic, Celtic Preferred, HSA
TOI: H16G Group Health - Major Medical
Sub-TOI: H16G.001C Any Size Group - Other
Filing Type: Rate
SERFF Tr Num: CELT-127012372 State: California
SERFF Status: Assigned
Co Tr Num: G5-544-00156, G5-555-00223, G5-543-00145
State Tr Num: PF-2011-00176
State Status:
Reviewer(s): Angela Jang, Bruce Hinze, Sai-on Sam, Ali Zaker-Shahrak, Wayne Thomas, Marina Zen
Author: Daniel Martinez
Date Submitted: 01/31/2011
Disposition Date:
Disposition Status:
Implementation Date:
Implementation Date Requested: 04/01/2011

General Information

Project Name:
Project Number:
Requested Filing Mode: Informational
Explanation for Combination/Other:
Submission Type: New Submission
Overall Rate Impact: 9%
Deemer Date:
Submitted By: Daniel Martinez
PPACA: Not PPACA-Related
PPACA Notes: null
Filing Description:
See cover letter.
Status of Filing in Domicile: Not Filed
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Individual
Individual Market Type: Individual, Non Employer Group - Individual
Filing Status Changed: 01/31/2011
State Status Changed:
Created By: Daniel Martinez
Corresponding Filing Tracking Number:

Company and Contact

Filing Contact Information

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Daniel Martinez, Contract Analyst dmartinez@celtic-net.com
233 S. Wacker Dr. Suite 700 312-332-8387 [Phone]
Chicago, IL 60606-6393 312-441-0822 [FAX]

Filing Company Information

Celtic Insurance Company	CoCode: 80799	State of Domicile: Illinois
Sears Tower	Group Code:	Company Type: LAH
233 South Wacker Drive, Suite 700	Group Name:	State ID Number:
Chicago, IL 60606	FEIN Number: 06-0641618	
(312) 332-5401 ext. [Phone]		

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Celtic Insurance Company	\$0.00		

CALIFORNIA DEPARTMENT OF INSURANCE

Reset Form

**FILING COVER SHEET
for
FORMS FILINGS with the POLICY APPROVAL BUREAU**

(Suggested for use as the cover letter required by Title 10, California Code of Regulations §2205.)

TO: State of California Department of Insurance Policy Approval Bureau 45 Fremont Street San Francisco, CA 94105	FROM: (Official Insurer Name): Celtic Insurance Company
	Submitter and Complete Mailing Address: Daniel Martinez 233 South Wacker Drive, Suite 700 Chicago, IL 60606
	Submission Date: 1/31/11

1. IDENTIFYING FORM NUMBER(S): G5-544-00156, G5-555-00223, G5-543-00145
[The form number(s) of one or more of the documents submitted by which the filing can be identified. §2205(a)]

2. DOCUMENT CLASS [The subdivision of 10 CCR §2202(a) which best describes the forms submitted. (§2205(b))]

Generic Description and Definition Citation	Check Below		Generic Description and Definition Citation	Check Below
Health Insurance [Hospital, medical, surgical insurance, expense-incurred or indemnity. §2202(a)(1)]	<input checked="" type="checkbox"/>		Credit Life and Disability [§2202(a)(6)]	
Group and Blanket Life and Non-health Disability [(§2202(a)(2))]			Supplemental Life Benefits [§2202(a)(7)]	
Individual Disability, Non-health [§2202(a)(3)]			Variable Life and Annuities [§2202(a)(8)]	
Medicare Supplement [§2202(a)(4)]			Fraternal [Non-health Disability. §2202(a)(9)]	
Long-Term Care [§2202(a)(5)]			Unclassified [§2202(a)(11)]	
* Describe briefly (documents other than those described above may have to be filed with other Department Bureaus; see §2206):				

3. GROUP AND/OR INDIVIDUAL [Are the forms group, individual or used in both contexts? §2205(b)]

Group Only:	<input checked="" type="checkbox"/>	Individual Only:	<input type="checkbox"/>	Group and Individual:	<input type="checkbox"/>
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4. EMPLOYER SIZE (Employer Health Insurance Only) [Where the forms submitted provide health coverage through employment, the minimum and the maximum sizes of the employers in terms of number of employees §2205(c)]

2 to 50 Employees:		Over 50 Employees:		All Employers:	
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5. REPLACES PREVIOUSLY-APPROVED DOCUMENT(S)? [Do any documents replace previously-approved documents. §2205(d)]

6. FINAL PRINT FORM? [List those documents NOT in the final printed form in which they will be issued to insureds §2205(e)]

<u>Document(s)</u>	<u>Document(s)</u>

7. TYPE OF DOCUMENT WITH WHICH IT WILL BE USED [For each document (such as a rider) which is designed to be used with another document not included in the filing, a statement of the document class with which it is to be used. §2205(f)]

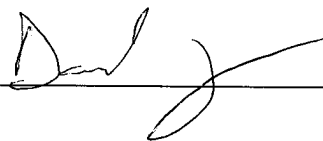
<u>Document Form Number</u>	<u>Document Class (from Item 2, above)</u>

8. Master Policy Form Number and Approval Date: _____
[Where a certificate is submitted for use with a previously approved "group" document, the form number and the filing or approval date of the previously approved group document. §2205(g)]

9. IF ABOVE INFORMATION CANNOT BE FURNISHED, EXPLAIN WHY. [If the submitter is unable to furnish the information requested above, explain why. §2205(h)]

10. REMARKS AND ADDITIONAL INFORMATION (Attach additional sheets if necessary):

SUBMITTER'S SIGNATURE AND TITLE: _____



Daniel Martinez Contract Analyst, Compliance

CALIFORNIA DOCUMENT SUBMISSION FORMSET

California Insurer Number: (NOT NAIC Number)		FOR DEPARTMENT USE ONLY		
Official Insurer Name:		Our File #		Fee Code:
Submitter and Complete Mailing Address:		Reviewer:		
Submission Date:		Dept Action Date:		
Document Form Number	Doc Type ("Policy," etc)	Document Coverage	Department Action	Fee
1				
2				
3				
4				
5				
6				
7				
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11				
12				
13				
14				
15				
16				
INSTRUCTIONS: Complete the part of the form to the left of the double vertical line. Enter one document to a numbered line. Use additional formsets if necessary. Be accurate - the copy of this form that we return to you will be your only record of our action on your submission. THIS IS NOT A BILL - DO NOT PAY. YOU WILL RECEIVE A SEPARATE FILING FEE INVOICE SHORTLY; REMIT FEES ONLY WITH THAT INVOICE.				Total \$ Cont'd on ___ pages

DSF 1.35

California Filing Requirements Effective January 1, 2011

The following is a list of the additional specific rate filing requirements pursuant to California Ins s 10181.3.

(a) (1) All health insurers shall file with the department all required rate information for individual and small group health insurance policies at least 60 days prior to implementing any rate change.

(2) For Individual health insurance policies, the filing shall be concurrent with the notice required under Section 10113.9

(3) For small group health insurance policies, the filing shall be concurrent with the notice required under Section 10199.1.

(b) An insurer shall disclose to the department all of the following for each individual and small group rate filing:

(1) Company name and contact information.

Celtic Insurance Company
Randall Jones, Vice President, Actuary, (312) 332-8576
233 S. Wacker Dr., Suite 700
Chicago, IL 60606
Rjones@celtic-net.com

(2) Number of policy forms covered by the filing.

See item (3) below for the 3 policy forms covered by this filing for the combined **open blocks of business**.

(3) Policy form numbers covered by the filing.

The following are the 3 policy forms covered by this filing:

Policy Forms	Products
G5-544-00156	Celti Basic 1.0/2.1/2.2
G5-555-00223	CeltiCare Preferred 5.0/5.1 and HSA 3.0
G5-543-00145	HSA 2.0/2.1

(4) Product type, such as indemnity or preferred provider organization.

Celtic Basic 1.0/2.1/2.2 - G5-544-00156

This product offers a Fully Steered PPO plan.

CeltiCare Preferred 5.0/5.1 - G5-555-00223

This product offers Indemnity, Any Doc PPO and Fully Steered PPO plans.

HSA 2.0/2.1/3.0 - G5-543-00145 (HSA 2.0/2.1) and G5-555-00223 (HSA 3.0)

These products offer an Indemnity and Fully Steered PPO plans.

(5) Segment type.

Comprehensive Major Medical

(6) Type of insurer involved, such as for profit or not for profit.

Celtic Insurance is a for profit company.

(7) Whether the product are opened or closed.

This product is an open block of business.

(8) Enrollment in each policy and rating form.

Inforce data is as of 7/31/2010

Policy Forms	Rider Forms	Products	Inforce Certs
G5-544-00156	G5-591-00187	Celtic Basic 1.0/2.1/2.2	86
G5-555-00223	G5-598-00224-CA	CeltiCare Preferred 5.0/5.1	51
G5-543-00145 and G5-555-00223	G5-592-00192-CA (HSA 2.0/2.1) and G5-598-00226 (HSA 3.0)	HSA 2.0/2.1/3.0	20

California Filing Requirements Effective January 1, 2011

(9) Insured months in each policy form.

<u>Policy Forms</u>	<u>Rider Forms</u>	<u>Products</u>	<u>Insured Months</u>
G5-544-00156	G5-591-00187	Celtic Basic 1.0/2.1/2.22	1034
G5-555-00223	G5-598-00224-CA	CeltiCare Preferred 5.0/5.1	462
G5-543-00145 and G5-555-00223	G5-592-00192-CA (HSA 2.0/2.1) and G5-598-00226 (HSA 3.0)	HSA 2.0/2.1/3.0	125

(10) Annual rate.

The following is a comparison of estimated average annual premium per policy:

Celtic Basic 1.0/2.1/2.2 (G5-544-00156) CeltiCare Pref 5.0/5.1 (G5-555-00223)				
Date	Nationwide	California	Nationwide	California
Prior to 1/1/11	2,081	2,714	3,024	3,841
1/1/11 - 3/31/11	2,264	2,958	3,292	4,187
4/1/11 - 6/30/11	2,332	3,047	3,396	4,312
7/1/11 - 9/30/11	2,401	3,138	3,499	4,442
10/1/11 - 12/31/11	2,471	3,233	3,603	4,575

HSA 2.0/2.1/3.0 (G5-543-00145 and G5-555-00223)		
Date	Nationwide	California
Prior to 1/1/11	2,373	2,051
1/1/11 - 3/31/11	2,580	2,236
4/1/11 - 6/30/11	2,667	2,303
7/1/11 - 9/30/11	2,746	2,372
10/1/11 - 12/31/11	2,826	2,443

(11) Total earned premiums in each policy form.

The Total 12-Month (200905 - 201004) Earned Premiums for Statewide for this policy form are as follows and are also reflected in Exhibit Two. The total nationwide earned premium is reflected in Exhibit One.

<u>Policy Forms</u>	<u>Products</u>	<u>California</u>
G5-544-00156	Celtic Basic 1.0/2.1/2.22	196,390
G5-555-00223	CeltiCare Preferred 5.0/5.1 and HSA 3.0	148,176
G5-543-00145	HSA 2.0/2.1	6,357
Total Statewide Earned Premium		350,923
Total Nationwide Earned Premium		32,997,739

(12) Total incurred claims in each policy form.

The Total 12-Month (200905 - 201004) Incurred Claims for Statewide and Nationwide for this policy form are as follows and are also reflected in Exhibit One and Exhibit Two.

<u>Policy Forms</u>	<u>Products</u>	<u>California</u>
G5-544-00156	Celtic Basic 1.0/2.1/2.22	116,692
G5-555-00223	CeltiCare Preferred 5.0/5.1 and HSA 3.0	56,258
G5-543-00145	HSA 2.0/2.1	1,948
Total Statewide Incurred Claims		174,898
Total Nationwide Incurred Claims		18,250,132

(13) Average rate increase initially requested.

Effective Date	Rate Increase
April 1, 2011	3.0%
July 1, 2011	3.0%
October 1, 2011	3.0%

California Filing Requirements Effective January 1, 2011

(14) Review category: initial filing for new product, filing for existing product, or resubmission.

This is an informational rate revision filing for an existing product.

(15) Average rate increase and (16) Effective date of rate increase.

Effective Date	Rate Increase
April 1, 2011	3.0%
July 1, 2011	3.0%
October 1, 2011	3.0%

(17) Number of policyholders or insureds affected by each policy form.

The data below is as of 7/31/2010.

<u>Policy Forms</u>	<u>Products</u>	<u>Number of Policyholders</u>
G5-544-00156	Celtic Basic 1.0/2.1/2.22	86
G5-555-00223	CeltiCare Preferred 5.0/5.1 and HSA 3.0	69
G5-543-00145	HSA 2.0/2.1	2

(18) The insurer's overall annual medical trend factor assumptions in each rate filing for all benefits and by aggregate benefit category, including hospital inpatient, hospital outpatient, physician services, prescription drugs and other ancillary services, laboratory and radiology. An insurer may provide aggregated additional data that demonstrates or reasonably estimates year-to-year cost increases in specific benefit categories in major geographic regions of the state. For purposes of this paragraph, "major geographic region" shall be defined by the department and shall include no more than nine regions.

Trend assumptions are discussed in the Trend Assumption section and shown in Exhibit Two. We used an annual medical trend assumption of 11.0%. The medical trend component is 9.4% and the insurance trend component is 1.6%.

An analysis of per policy per month claim costs for our older closed blocks is shown below. The blocks were chosen to avoid distortion of the average claim costs from our leaner benefit new products.

Celtic Insurance Company Trend Analysis - Closed Blocks

<u>Year</u>	<u>Claims Cost per policy per month</u>	<u>Yearly Increase</u>	<u>Average Yearly Incr from 2002</u>
2002	171.88		
2003	176.12	2.5%	
2004	200.21	13.7%	
2005	217.17	8.5%	
2006	252.22	16.1%	
2007	250.92	-0.5%	
2008	309.04	23.2%	10.3%
2009	427.46	38.3%	
2010 Apr	445.47	6.4%	13.2%

This analysis supports a higher trend assumption than the 11.0% we are using. Because of the small size of our block we have supplemented our claims data with results from Oliver Wyman's Carrier Trend Report for July 2010. That report shows average carrier individual medical PPO trends of 11.7% and prescription drug trends of 11.9%. This weights to 11.7% for our combined medical and drug claims. Because of credibility issues with our data, we have weighted the Oliver Wyman trend at 50% and our experience trend at 50% to arrive at an 11.0% annual trend assumption.

California Filing Requirements Effective January 1, 2011

(19) The amount of the projected trend attributable to the use of services, price inflation, or fees and risk for annual policy trends by aggregate benefit category, such as hospital inpatient, hospital outpatient, physician services, prescription drugs and other ancillary services, laboratory, and radiology.

Below is the itemized trend component used in pricing:

<u>Medical Trend (Total)</u>	9.40%
Medical provider price increase	7.60%
Utilization changes	1.00%
Medical cost shifting	0.20%
Medical procedures and new technology	0.50%
 <u>Insurance Trend (Total)</u>	 1.60%
Deductible leveraging	1.60%
 <u>Pharmaceutical Trend (Total)</u>	 10.00%
Price increases	5.00%
Utilization changes	4.50%
Introduction of new brand and generic drugs	0.25%
 Total Average Annualized Trend	 11.15%

(20) A comparison of claims cost and rate changes over time.

A comparison of claim cost and rate changes are reflected in Exhibit One for Nationwide and Exhibit Two for California in the Actuarial Memorandum. History of rate increases for nationwide and California are reflected in the Trend page.

(21) Any changes in insured cost-sharing over the prior year associated with the submitted rate filing.

Below are the Health Care Reform benefit (including cost-sharing) changes:

Coverage of preventive services with no cost sharing

Preventive Benefits are covered on a first dollar basis with no cost sharing:

a. Evidence-based items or services that have in effect a rating of 'A' or 'B' in the current recommendations of the United States Preventive Services Task Force

b. Immunizations that have in effect a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention with respect to the individual involved

I. Diphtheria, Pertussis and Tetanus

II. Anthrax

III. Measles, Mumps, Rubella and Varicella (Chickenpox)

IV. Hib

V. Hepatitis A

VI. Hepatitis B

VII. HPV

VIII. Influenza (H1N1)

IX. Influenza (Seasonal)

X. Japanese encephalitis

XI. Meningococcal disease

XII. Plague

XIII. Pneumococcal

XIV. Polio

XV. Rabies

XVI. Rotavirus

XVII. Smallpox

XVIII. Typhoid

XIX. Yellow fever

XX. Zoster

c. With respect to infants, children, and adolescents, evidence-informed preventive care and screenings provided for in the comprehensive guidelines supported by the Health Resources and Services Administration

d. With respect to women, such additional preventive care and screenings not described in paragraph (a.) as provided for in comprehensive guidelines supported by the Health Resources and Services Administration for purposes of this paragraph

e. For the purposes of this Act, and for the purposes of any other provision of law, the current recommendations of the United States Preventive Service Task Force regarding breast cancer screening, mammography, and prevention shall be considered the most current other than those issued in or around November 2009

California Filing Requirements Effective January 1, 2011

No lifetime or annual maximums on essential health benefits

Celtic policies have an unlimited lifetime maximum. Mental & Nervous, transplants benefits are unlimited.

Pre-existing condition elimination riders removed on insureds under age 19

Celtic cannot underwrite children under 19. Elimination riders can not be used for new enrollees or existing enrollees.

(22) Any changes in insured benefits over the prior year associated with the submitted rate filing.
See item 21 above.

(23) The certification described in subdivision (b) of Section 10181.6
Please see attached certification from an independent actuary included in this rate filing package.

(24) Any changes in administrative costs.

For the open blocks of business, the commission structure was reduced from 20/5 to 10/4.

(25) Any other information required for rate review under PPACA.

Various provisions of Health Care Reform are expected to have an immediate impact on claims levels. These include restrictions on rescissions (2.1%), guaranteed issue (3.0%) and pre-existing conditions limitations on insureds under age 19 (0.4%), new claims appeal and review guidelines (0.5%), coverage of preventive services with no cost sharing (5.0%), extended coverage of dependents to age 26 (0.5%), no lifetime or annual maximums on essential health benefits (0.5%). Some of the regulations clarifying the provisions have not been finalized. We expect the overall impact of these provisions will raise claims by at least 12%. Since the mandated loss ratio guidelines are not yet finalized, we have only added 9% to the projected claims in deriving these requested rate increases.

(c) An insurer subject to subdivision (a) shall also disclose the following aggregate data for all rate filings under this section in the individual and small group health insurance markets:

(1) Number and percentage of rate filings reviewed by the following: (A) Plan year, (B) Segment Type, (C) Product type, (D) Number of policyholders, and (E) Number of covered lives affected.

Plan Year	Product Group	Number of Policyholders	Number of PPO Inforce	Number of Covered Lives
2011	Closed Blocks Inforce	22	20	24
2011	Open Blocks Inforce	157	154	193

(2) The insurer's average rate increase by the following categories:
(A) Plan year, (B) Segment type and (C) Product type.

For the closed blocks of business, the quarterly rate increases for the calendar year of 2011 is 8.0% for 1/1/2011 and a proposed rate increases of 4.0% for effective 4/1/2011, 6.0% for effective 7/1/2011 and 6.0% for effective 10/1/2011.

Plan Year	Product Group	Average Annual Rate Increase	Proposed Average Rate Increase Starting
2011	Closed Blocks	26.2%	4/1/2011 16.9%

For the open blocks of business, the quarterly rate increases for the calendar year of 2011 is 9% for 1/1/2011 and a proposed rate increases of 3% for effective 4/1/2011, 3% for effective 7/1/2011 and 3% for effective 10/1/2011.

Plan Year	Product Group	Average Annual Rate Increase	Proposed Average Rate Increase Starting
2011	Open Blocks	19.1%	4/1/2011 9.3%

California Filing Requirements Effective January 1, 2011

(3) Any cost containment and quality improvement efforts since the insurer's last rate filing for the same category of health benefit plan. To the extent possible, the insurer shall describe any significant new health care cost containment and quality improvement efforts and provide an estimate of potential savings together with an estimated cost or savings for the projection period.

None.

(d) A health insurer shall submit any other information required under PPACA. A health insurer shall also submit any other information required pursuant to any regulation adopted by the department to comply with this article.

Celtic is in compliance with I-SB 1163, as required by the State of California.